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Board of

Public and Apartment

REPORT

REVIEW OF FRANCHISES

PETITIONS

TO OPERATE

MANHATTAN ROUTE

MANHATTAN

CONTRACT

1915

FRANCHISES

MANHATTAN BUILDING

Board of Estimate and Apportionment

REPORT OF COMMITTEE ON FRANCHISES

IN RELATION TO PENDING PETITIONS
FOR THE RIGHT TO OPERATE

MOTOR BUS ROUTES

IN THE
BOROUGH OF MANHATTAN

WITH
PROPOSED FORM OF CONTRACT

OCTOBER 15, 1915

BUREAU OF FRANCHISES
ROOM 1307
MUNICIPAL BUILDING

M. B. BROWN PRINTING & BINDING CO.,
37-41 Chambers Street, N. Y.



CITY OF NEW YORK,
BOARD OF ESTIMATE AND APPORTIONMENT,
October 15, 1915.

To the Board of Estimate and Apportionment:

Gentlemen—The Franchise Committee, to which has been referred the question of the advisability of granting the right to operate additional motor omnibus routes in the Borough of Manhattan, begs to present its report thereon and submit for your consideration a form of contract, which is herein recommended be granted to one of the applicant companies.

Your Committee recognizes the urgent needs of transit facilities in certain districts in the Borough of Manhattan, and has therefore viewed with much interest the pending applications as having an important effect on the needs of the community. It seems desirable that there be included in this report a brief statement of the action with respect to motor buses already taken by the Board, as well as of the various steps taken by your Committee before arriving at the conclusions herein presented.

But one stage coach or omnibus company has, during recent years, been authorized to operate in the Borough of Manhattan. Prior to the year 1913 the laws were such that the company had and would continue to have a virtual monopoly unless amendments were affected by the legislature. Obligations, which in many cases were impossible to fulfill, were required of new corporations, while practically no conditions were imposed on the existing corporation. The attention of the Board was directed to this condition by a report of the Bureau of Franchises, which recommended amendments to the law, designed to remove this inequality. The Board immediately took the necessary action to obtain the legislation, resulting in the enactment of chapter 769 of the Laws of 1913, which law accomplished the object sought.

The Board at that time had before it one petition for the right to operate omnibuses, which had been presented by the New York Motor Bus Company, Inc., under date of December 19, 1912. Subsequent to the enactment of the new law the Board received petitions from three other companies, namely: the Manhattan Motor Bus Company, Inc., the Fifth Avenue Coach Company and the People's Five Cent Bus Corporation. All of the petitions were referred to the Bureau of Franchises for report.

It was well known that motor omnibuses had, during a number of years, been used to a very large extent and with apparent success in several European cities, notably London and Paris. Because of the limited experience with these vehicles in New York, a representative of the Bureau of Franchises, pursuant to the authority of a resolution of the Board, was sent abroad for the purpose of investigating the operation of motor omnibuses in London and Paris, with a view to obtaining such information relative thereto as would aid the City in reaching a determination upon

the proposed operation of motor omnibuses in this City. The report upon this investigation was presented to the Board in November, 1913, and was quite illuminative in that it showed particularly what should be guarded against and pointed out the necessity for strict regulation of the service. The report was referred to your Committee to recommend a policy to be followed with reference to the pending applications.

Your Committee agreed that there are points in the Borough of Manhattan between which there is no direct means of transportation, though the need for such facilities is quite apparent. It was recognized, however, that to merely operate lines connecting the points between which facilities are urgently needed would result in a system of disconnected routes, unattractive to the operator and less serviceable to the traveling public than a more comprehensive system. For example, cross-town lines through Central Park, operated alone, would be of less service than similar lines operated in conjunction with longitudinal lines on both the East and West Sides with transfer privileges. Consequently the Bureau of Franchises was directed to lay out a comprehensive system of routes and to draft a form of franchise contract which it would recommend for the franchise.

After your Committee had considered the system of routes and form of contract submitted by the Bureau of Franchises, it ordered the same printed for distribution and advertised a public hearing thereon, to be held on December 18, 1914. At this hearing there were heard many property owners and representatives of civic associations, the applicant companies and the street railway companies operating in the Borough of Manhattan. So much interest was taken in the matter that an adjourned hearing was held on December 29 and still another on December 31, 1914. At the close of the hearings the applicant companies and others were given until January 9, 1915, to file briefs. Your Committee received before and subsequent to the hearing hundreds of communications in favor of and against the granting of specific routes and in favor of and against the proposal of some particular applicant, as set forth in its petition. Several meetings of the Committee were subsequently held at which the suggestions and criticisms contained in the communications and briefs were considered. Many modifications of the routes and of the contract were made as a result. After these modifications, the contract and the map of the routes were again printed for distribution and on April 27, 1915, a further public hearing was held.

In laying out the system of routes finally adopted, your Committee has followed three principles:

First—That the system should be a comprehensive one.

Second—It should contain routes giving facilities between various points where none now exist, and

Third—That the routes should be such as to directly compete as little as possible with existing transit systems.

The form of contract for a franchise finally adopted contains clauses providing for most complete regulation as to the weight and dimensions of vehicles and as to their operation. It is unique in that provision is made for extension upon order of the Board, and routes may, within certain fixed limits, be modified to conform with traffic conditions. The system of routes adopted by the Committee in no way con-

forms with that applied for by any of the applicants. In consequence it was decided by the Committee to ask each of the applicant companies to submit proposals based upon the form of contract and system of routes adopted by the Committee. The conditions upon which the proposals were to be made were outlined in the letter addressed to the applicants by the Committee (See Appendix A). The form of contract left blank the provisions for compensation to the City, the date upon which the operation should commence, the maximum weight and dimensions of vehicles (the maximum weight and dimensions adopted by the Committee being indicated), the maximum rate of fare, the headway of vehicles and the conditions under which the Board may order extensions.

Four proposals were received and publicly opened by the Acting Mayor on behalf of the Committee on June 1, 1915, at noon. After these proposals had been read and the meeting adjourned a communication was received from the Manhattan Motor Bus Company, one of the original applicants, submitting a proposal based upon a plan of sharing the operating profits with the City after first deducting eight per cent. upon the investment. Your Committee has refused to receive this proposal for the reason that it was presented to the Committee after the hour fixed for the opening of the proposals. If it had been received it would have been rejected for the reason that the proposal was incomplete in that no effort had been made on the part of the Company to modify the contract adopted by the Committee in accordance with the terms of its proposal. Therefore, the proposal could not be compared with the others which had been submitted in complete form.

The proposals opened and publicly read were: Two by the Fifth Avenue Coach Company, one by the New York Motor Bus Company, Inc., and one by Messrs. O. C. Brunner and W. T. Gridley, jointly. The last named had no pending application for a franchise.

Your Committee has made a careful study of these proposals and of the analysis and comparison of the same made by the Bureau of Franchises, and beg to submit the following with respect thereto:

Proposal of O. C. Brunner and W. T. Gridley (Jointly).

This proposal is incomplete. It shows that the proponents are unfamiliar with the previous negotiations, and it is not based primarily on the form of contract submitted by the Committee. It was therefore impossible to make a comparison with the other bids. It offers no guaranteed minimum annual payments, nor does it offer an initial payment. The type of vehicle has evidently not been considered. The zones into which it proposes to divide the City are not given, therefore the rate of fare is not accurately stated. There is no definite offer in regard to extensions.

It is therefore the opinion of the Committee that this proposal should be rejected.

Proposal No. 2 of the Fifth Avenue Coach Company, the Present Operating Company.

This is a proposal in which the prominent feature is an offer to divide equally with the City the net profits in excess of a sum equal to the net operating profits from the existing routes for the year ending June 30, 1915. The net profits are to be those

accruing from both the existing and new routes, and are defined as any and all income or profits from whatever source, less deductions, as follows:

1. All taxes against the Company in connection with or incident to the operation of the Company's routes.
2. All operating expenses, including reasonable maintenance, depreciation and obsolescence.
3. A sum equal to 6 per cent. per annum, on plant and equipment furnished for the operation of new routes or future extensions thereof and upon cost of additional equipment for existing routes, together with such sum necessary to amortize within the period of 25 years the equipment for the operation of the new routes or extensions thereof.
4. A sum equal to net profits from the existing routes for year ending June 30, 1915.

If there be a deficit in any year after such deductions, the same shall be cumulative and must be made up with interest, compounded semi-annually at five per cent. per annum, before the City is entitled to any of the net profits. In case of disagreement as to the amount of depreciation, obsolescence and amortization, it shall be submitted to arbitration.

Under this offer the existing and proposed new lines would be merged and operated as one system and would practically be put on the same basis, since the Company agrees to accept the net profits for the year ending June 30, 1915, as the annual profits for the existing lines during the term of the grant.

Any plan for the operation of a public utility on the profit sharing basis requires an accurate and fair determination of the net profits, and should therefore provide a manner by which each party shall have at least sufficient supervising power to protect itself against expenditures detrimental to its interests. A method should also be provided whereby the sums expended should be authorized after a fair determination as to their necessity. There is no hint of any such control in this proposal of the Fifth Avenue Coach Company. For example, the sums representing reasonable maintenance, depreciation and obsolescence must be determined; so must also the rate of amortization to be applied to the equipment of the new routes or extensions thereof; likewise the cost of the plant and equipment to be furnished for the operation of new routes or future extensions and the cost of the additional equipment for the existing lines. In fixing all these items, disagreement between the City and the Company is almost certain to appear. It is true the Company proposes that in case of a disagreement as to the amount of depreciation, obsolescence or amortization, arbitration may be resorted to, but there is no such provision with respect to a disagreement as to the amount expended for maintenance or the determination of the amounts upon which six per cent. per annum is to be computed.

The City has had one notable experience with the profit sharing plan, where the City did not by the terms of the franchise have any supervision over expenditures either in the original investment or in subsequent operations. The result has been such that one could hardly conscientiously recommend another similar grant.

The certificates of the Public Service Commission for the extensions of the ele-

vated railroad system of the Interborough Rapid Transit Company and the New York Municipal Railway Corporation provide for a division of profits with the City, but unlike the proposal of the Fifth Avenue Coach Company, these certificates provide for the full and complete supervision of all operations in connection with the enterprise of construction, equipment, maintenance and operation. The certificates themselves state that it is the intention of the Commission that the certificates shall be construed in such a manner that the City shall be afforded all proper and necessary means of safeguarding its right to one-half the excess of net profits. However, the City's experience with respect to these certificates has not as yet been sufficient to base thereon any conclusion.

There are other objections to the proposal which would justify the Committee's recommending its rejection, but it is believed that the one given is sufficiently apparent to make further discussion needless.

Your Committee recommends that this proposal be rejected.

COMPARISON OF PROPOSAL NO. 1 OF THE FIFTH AVENUE COACH COMPANY WITH THE
PROPOSAL OF THE NEW YORK MOTOR BUS COMPANY, INC.

Routes Proposed to be Operated.

Fifth Avenue Coach Company—This Company, generally speaking, adopted the routes proposed by the Committee, with the following exceptions:

- (a) The routes upon which the Company is already operating.
- (b) The portion of the West Side Route between 72nd Street and 135th Street, the Company proposing to substitute its own route on Riverside Drive to take the place of that portion of the West Side Route.
- (c) Manhattan Street and 125th Street Route.
- (d) Convent Avenue Route (Already operated by the Company).
- (e) Columbia University Loop and connection with 110th Street.
- (f) The Crosstown Route in 39th and 40th Streets.

In addition to the above, certain minor changes and additions are made in the system adopted by the Committee. It will be noted from the above that the system adopted by the Committee has been amended to enable the Company to operate the new routes in conjunction with the existing system.

New York Motor Bus Company, Inc.—This Company, generally speaking, adopted all the routes proposed by the Committee, with the following exceptions:

- (a) The St. Nicholas Avenue, Edgecombe Road and 167th Street Route, for the reason that the Fifth Avenue Coach Company is already operating upon the portion of this route which lies south of 155th Street.
- (b) A portion of the loop around Columbia University and its connection with 110th Street.

The Company proposed certain routes in addition to those adopted by the Committee, which it states may be included in its proposal at the option of the City, but which are not made a necessary part of the proposal by the applicant. These routes consist of:

- 1. Minor changes and additions, such as streets necessary to make loop terminals.

2. The substitution of Broadway from 72nd Street to 107th Street for Amsterdam Avenue, 80th Street and West End Avenue.
3. Fifth Avenue, from 26th Street to 48th Street; Broadway from 39th Street to 34th Street; 31st, 32nd, 33rd, 34th and 46th Streets, between the East and West Side Routes.

The four crosstown streets in the vicinity of 34th Street are selected for the purpose of forming one crosstown route only, the actual operation of such route to take place in such streets as will offer the greatest convenience and conform with traffic conditions.

Forty-sixth Street is selected by the Company as a substitute for 48th Street. It is stated that the Company believes that 46th and 47th Streets would make a better crosstown route than would 47th and 48th Streets.

Both of these proposals are based upon the form of contract adopted by the Committee and are submitted in such form that a direct comparison of the two proposals can be made.

Each Company has made certain changes in the form of contract in addition to submitting proposals for the clauses which the Committee left blank. In an analysis, therefore, of the two proposals the clauses divide themselves naturally into three classes:

First—Those for which amendments are asked by the Fifth Avenue Coach Company, but which are accepted by the New York Motor Bus Company.

Second—Those for which amendments are asked by both Companies.

Third—Those with respect to which the Committee requested the Companies to submit proposals.

Each class is herein discussed in the order named above.

FIRST—CLAUSES FOR WHICH AMENDMENTS ARE ASKED BY THE FIFTH AVENUE COACH COMPANY, BUT WHICH ARE ACCEPTED BY THE NEW YORK MOTOR BUS COMPANY.

1. The Company asks that section 2, subdivision fourth, which provides that the right granted shall not be exclusive, be amended by adding the provision that if any loss of revenue results from the granting of a franchise to another company on the same route, then such loss of revenue shall be ascertained and fixed, either by agreement or by arbitration, and the damage deducted from the franchise payments for either the *existing* routes of the Company or *new* routes for which a franchise is proposed to be granted.

The Constitution of the State of New York prohibits the granting of an exclusive franchise. Therefore, any grant which the City may make would not be an exclusive one, even if the clause in question were omitted. The reason for inserting the clause in franchises other than for street railways, which the Board has granted during the past ten years is that there can thereafter be no misunderstanding with respect to the intent of the City in making the grant. The modification of the clause suggested, whereby the City would be penalized in carrying out the provisions of the Constitution would tend to estop the City from granting similar rights, and, in effect,

make the original grant an exclusive one. The clause might better be omitted entirely than modified as requested by the Fifth Avenue Coach Company.

There is, however, another feature of this proposed amendment which deserves attention. Can the City fix conditions for a new franchise to this Company which will, in effect, modify the conditions of the existing franchise? The Company is now operating under laws which require the payment to the City of five per cent. of its gross receipts, and annual car license fees of twenty dollars (\$20) per car. The amendment proposed by the Company for the so-called non-exclusive clause might in effect result in the reduction of the payments under the existing franchise. Your Committee feels that such an amendment could not be accepted.

Another important point with respect to this amendment is that it would practically be impossible to determine the amount of the loss of revenue resulting from the granting of a franchise to another company on the same route.

2. Section 2, fifth, which provides that the City may purchase the property of the Company at the end of the term of grant, has been modified by requiring the City to give the Company six months' notice before the end of the term of grant should the City decide to purchase the property. The Committee does not feel that there should be any objection to such proposed amendment.

3. Section 2, Subdivisions Sixteenth and Seventeenth, have been amended by eliminating the provision which permits the Board to require withdrawal of vehicles from service should defects develop which would render them unsuitable for public service after having been approved by the Board.

This is supervision which the Board should have. If exercised, it would tend toward the general betterment of the type of vehicle, a matter in which the City is vitally interested if it is to authorize the operation of self-propelled passenger vehicles in public streets.

4. Section 2, Subdivision Eighteenth, has been amended by providing that the Company will only obligate itself to comply with laws and ordinances *not inconsistent with the privilege conferred under the contract*. The clause adopted by the Committee requires the Company to comply with all laws and ordinances.

Manifestly the City cannot, by the terms of the contract, relieve the Company from its obligations under any law or ordinance. The Committee feels that it cannot recommend a modification similar to that proposed by the Company.

5. Section 2, Subdivision Twenty-fourth, is amended by adding thereto a provision to the effect that if the Company does not consent to a substitution of route when ordered by the Board, then, if such substitution is made without such consent, the net loss of revenue by reason of such change shall be ascertained, fixed and adjusted between the City and the Company.

It is believed that the substitution of routes upon order of the City is one of the more important provisions of the franchise. The mobility of the motor bus makes the substitution of routes possible where it would be impracticable in the case of a street surface railway. In making new grants the City should insist on provisions by which it may avail itself of that desirable feature should it become necessary after operations begin. Traffic conditions are changing from day to day and the necessity

for the substitution of routes will undoubtedly arise. The proposed amendment would to some extent nullify the object to the clause.

6. Section 2, Subdivision Twenty-eight, is modified so that the right of forfeiture is practically eliminated. Instead thereof the Company is given ninety days to cure any defect specified by the Board; if there be a dispute as to the fact of default or as to the remedy thereof, the courts may be resorted to, and if not remedied within ninety days or within such further time as may be allowed by the Board or by the Courts, the franchise shall be *deemed* to be forfeited. The word "reasonable" with respect to the orders of the Board when acting under the powers reserved in the contract has been inserted.

The proposal of the Company is a decided departure from the standard forfeiture clause which has been insisted upon for a number of years.

7. Section 2, Subdivision Twenty-ninth, has not been accepted by the Company. This subdivision provides for a fine for inefficient public service at the rates fixed in the contract and for failure to maintain its equipment in good condition. This is another amendment which indicates the Company does not wish to abide by the form of contract which has been adopted by the Committee. No substitute whatever has been offered.

8. The Company asks that a new section be added wherein it shall be provided that nothing in the contract shall be deemed to prejudice the existing franchises of the Company, and in the event of the termination of the franchise, whether by default, forfeiture or otherwise, the Company's existing franchise shall be deemed unaffected by the fact that the Company has become a party to this contract.

SECOND—CLAUSES FOR WHICH AMENDMENTS ARE ASKED BY BOTH COMPANIES.

1. Section 2, Subdivision Twenty-first, provides for the removal of snow and ice or clearing by means of snow plows a space equivalent to sixteen feet in width if the latter method is consented to by the Commissioner of Street Cleaning and the Board.

The *Fifth Avenue Coach Company* has stricken out all of this provision and offers no substitute.

The *New York Motor Bus Company* offers, as a substitute, to open a passage by means of snow plows or brooms sixteen feet in width over all or any of the routes which are not occupied by a street surface railway; the work to be done under the direction of the Commissioner of Street Cleaning.

The *Fifth Avenue Coach Company* offers nothing whatever toward the removal of snow and ice, while the *New York Motor Bus Company* partially meets the requirements of the clause as adopted by the Committee. Therefore, the offer of the *New York Motor Bus Company* is more advantageous to the City.

2. Section 2, Subdivision Thirty-first, provides for a security deposit of \$30,000, out of which damages or penalties are to be deducted.

The *Fifth Avenue Coach Company* strikes out reference to the removal of snow and ice as one of the obligations under the contract for which the deposit shall be security. This is done for the reason that, as above explained, the Company does not accept the clause providing for the removal of snow and ice. It also inserts the word "reasonable" with respect to orders of the Board issued under the terms of the con-

tract. This conforms with the change which the Company proposes in Section 2, Twenty-eighth, already discussed. It also amends the clause so that failure to restore the security fund to its full amount in case of withdrawals therefrom shall, *instead of constituting a forfeiture as proposed by the Committee, be a ground for default.* This amendment is made in accordance with the policy of the Company to eliminate all provisions providing for forfeiture.

The *New York Motor Bus Company* strikes out the reference to the removal of snow and ice for the reason that that Company does not offer to remove snow and ice in Section 2, Thirty-first, but offers, as a compromise, to clear a space by snow plows or brooms. The Company requests that it be given ninety days, *instead of thirty*, to make the \$30,000 security deposit, but does *not submit this suggestion as an integral part of its proposal.*

The Fifth Avenue Coach Company proposes, therefore, to change the wording of this clause which has become standard, while the New York Motor Bus Company agrees to accept the clause in its present form except the one change in reference to snow and ice, which is made necessary because of other conditions of its proposal.

Third—CLAUSES WITH RESPECT TO WHICH THE COMMITTEE REQUESTED THE APPLICANT COMPANIES TO SUBMIT PROPOSALS.

1. *Compensation.*

(a) *Initial payments.*

The *Fifth Avenue Coach Company* offers \$25,000.

The *New York Motor Bus Company* offers \$30,000.

Balance in favor of the New York Motor Bus Company, \$5,000.

(b) *Minimum annual sums.*

The *Fifth Avenue Coach Company* offers sums varying from \$35,000 per annum to \$65,000 per annum, or a total of \$750,000.

The *New York Motor Bus Company* offers varying sums from \$30,000 per annum to \$60,000 per annum, or a total of \$735,000. The New York Motor Bus Company, however, asked that payments begin on the date when the Company commences regular operation on any of its routes. It offers to operate 100 vehicles within six months unless prevented by legal proceedings. There is a possibility, therefore, that operation may not begin until the end of six months, in which case the minimum payments for the first year offered by that Company would be reduced one-half, or the sum of \$15,000. This would reduce the total to \$720,000.

Therefore, the total offered by the Fifth Avenue Company exceeds that of the New York Motor Bus Company by a sum which may vary from \$15,000 to \$30,000. As the minimum annual payments offered by both Companies are substantial sums, they cannot be considered as an all important factor in the comparison of the proposals.

(c) *Percentages of gross receipts.*

Each Company offers five per cent. of the gross receipts. The Fifth Avenue Coach Company proposes to operate the new routes as extensions to its existing routes and fixes the method of computing the percentage of gross receipts. For the new routes, these are assumed to be that the proportion of the total gross receipts

from both the existing and the new routes which the mileage of the new routes bears to the mileage of the entire system.

The offers of the Companies with respect to initial payment, minimum annual sums and percentages of gross receipts do not differ materially. The length of the new routes of the Fifth Avenue Coach Company is about 21 miles, while that of the routes of the New York Motor Bus Company is about 31 miles.

The offer of the *Fifth Avenue Company* with respect to compensation is affected by three other amendments proposed; namely:

1st.—The amendment of the non-exclusive clause whereby the City would be required to make up a loss of revenue resulting from the granting of a franchise to another company upon the same routes;

2nd.—The amendment of the clause providing for the substitution of routes upon order of the Board, which would require the City to make up to the Company any loss of revenue due to such change of route, and

3rd.—The amendment of the clause providing for extensions which would require the City to make up from any franchise payments any loss of revenue which might result from such extensions.

Any of these amendments might result in reducing the amount of compensation which the City would receive.

The New York Motor Bus Company has also proposed an amendment whereby the loss due to the operation of any extension ordered by the Board shall be made up by deductions, equal to the deficit, from the compensation, but these deductions are so limited that they will never exceed the franchise payments due the City, and there is an added proviso that in the event that the deficit equals seventy-five per cent of the franchise payments then the extension may be abandoned without further prejudice to the City's interest.

The Committee recognized that the clause which it adopted with respect to future extensions might be unsatisfactory to the Companies, and therefore they were given an opportunity to submit limitations as to the number or length of extensions which may be ordered, or to submit a substitute provision for the entire clause. It will be noted that both Companies adopted the same scheme of limitation with the exceptions already noted. The Fifth Avenue Coach Company, however, has not limited the plan to require the City to make up deficits from operation of extensions only, but has adopted the same plan with respect to two other conditions of the proposal.

The Fifth Avenue Coach Company asks that the words

"not including, however, any tax for the privilege of operating omnibuses over the franchise routes"

—be added to the tax clause.

The New York Motor Bus Company has accepted the clause in the standard form.

There is no doubt that a special franchise tax would be construed to mean a tax for the privilege of operating, and the amendment proposed by the Fifth Avenue Coach Company would permit the deductions of the franchise payments from the special franchise tax pursuant to Section 48 of the Tax Law. The tax clause thus amended would therefore be without effect. At the present time the State Tax Com-

mission does not assess the special franchise against the Fifth Avenue Coach Company, but it should not be assumed that no such assessment will be fixed during the term of the contract. Therefore, it is important that the tax clause be retained in its standard form, which has been the policy of the Board.

To summarize the comparison between the offers of compensation by the two companies, it may be stated that the initial payments, percentages of gross receipts and the guaranteed annual payments do not materially differ.

The possible deductions of the franchise payments which would result from the amendments to the tax, non-exclusive, substitution of routes and extension clauses proposed by the Fifth Avenue Coach Company make the offer of the New York Motor Bus Company more favorable.

2. Section 2. Seventh. *Time within which to commence operation.*

The Fifth Avenue Coach Company offers to begin operation of

About six miles of route within one month,

A little more than six additional miles of route in four months,

About four and one-half additional miles in six months, and

The Transverse Roads through Central Park, consisting of about four and one-half miles, within one month after completion by the City of smooth pavements therein.

The New York Motor Bus Company offers to operate 100 vehicles within six months after the signing of the contract and to add a sufficient number to operate all routes in twelve months after signing the contract, with mandatory instead of discretionary extension of said time if operation is prevented by legal proceedings, works of public improvement, or other causes not within the control of the Company. Each Company offers to put the routes in operation in the least possible time, and since both Companies offer a substantial initial payment to be made within thirty days after the signing of the contract, it is probably safe to assume that every effort will be made by the Companies to fulfill this condition. The Companies adopt different methods in their offers which cannot be directly compared. In view of the guarantee afforded, the time within which operation would become complete on all parts of the proposed routes is not of supreme importance.

3. Section 2, Ninth. *Specification with respect to vehicles.* Neither Company in its specifications of dimensions and weights of vehicles exceeds the maximum fixed by the Committee. The Fifth Avenue Coach Company offers a vehicle two inches less in width than that of the New York Motor Bus Company, while the New York Motor Bus Company offers a vehicle of considerably less height than that adopted by the Fifth Avenue Coach Company. The offers of both Companies fall below the maximum fixed by the Committee. Probably the two most important dimensions from the traffic standpoint are length and width, and in the latter dimension the Fifth Avenue Coach Company's offer is slightly more favorable than that of the New York Motor Bus Company. The height is also important for the safety of passengers when operating under the elevated railroad structures, overhead trolley wires and shade trees. In this respect the dimensions offered by the New York Motor Bus Company are more advantageous.

The difference between the two offers is, however, so slight that a comparison is not important.

4. Section 2, Nineteenth. *Rate of Fare.*

Both Companies are in error in so drafting the rate of fare clause as to put the City in a position of absolutely fixing a rate of fare rather than a maximum.

The most probable interpretation which can be put upon the clauses as submitted by the Companies is as follows:

The Fifth Avenue Coach Company will operate all the routes proposed under the franchise in conjunction with or as extensions of the existing routes of the Company. A fare of ten cents will be charged for each passenger, including free transfer privileges entitling a passenger to one continuous trip in the same general direction.

The New York Motor Bus Company will operate two classes of routes called by the Company "regular routes" and "special routes." The rate of fare on the regular routes will be ten cents with free transfers entitling a passenger to a continuous ride in the same general direction upon either a regular or special route. The rate of fare on the special routes shall be five cents with free transfers entitling a passenger to a continuous ride in the same general direction upon any of the special routes. Transfers will also be issued on special routes for an additional fare of five cents, which will entitle a passenger to a continuous ride in the same general direction upon a regular route.

The offer of the Fifth Avenue Coach Company, therefore, is an extension of the existing system of the Company on a ten-cent fare basis with the new feature of free transfers added. The offer of the New York Motor Bus Company is the operation of a comprehensive system on a ten-cent basis with the addition of certain five-cent routes with also the feature of free transfers.

A transportation system operated by one company, thus permitting universal transfers for a single fare, is ordinarily more advantageous from the public standpoint than the operation of two or more independent systems with no interchange of transfers between the separate systems. Whether that is true in this case is a matter which will have some bearing upon the relative desirability of the two offers.

The Fifth Avenue Coach Company now operates about 19 miles of route. Its proposal would add about 21 miles to the system, making a total of about 40 miles. The New York Motor Bus Company proposes to operate about 30 miles. If its offer were accepted then there would be two systems in operation having an aggregate of about 50 miles of routes. There is to be compared, therefore, the serviceability of two systems having a mileage of 21 and 30, respectively, with the serviceability of a single system having a total mileage of about 40.

Your Committee has given the matter considerable thought and has come to the conclusion that there would not be an appreciable advantage in the operation of the new routes as extensions to the existing system over the operation of the new routes as a separate system.

If the conclusion just stated is correct, there remains only the direct comparison of the rates of fare offered by the two companies. Since both companies offer a fare of ten cents with free transfers upon the entire system, neither has the advantage in that respect.

In addition to the ten-cent fare, the New York Motor Bus Company offers ten special routes upon which the fare is only five cents. These special routes are, in brief, as follows:

A connection between the Gramercy Park and Union Square districts and the Pennsylvania Station by the way of Madison Avenue and other streets.

A connection between the Union Square and Pennsylvania Station by the way of 14th Street and Seventh Avenue.

A connection between the Pennsylvania and the Grand Central Railroad Stations. Three cross-town routes connecting the East and West Sides by the way of the Transverse Roads through Central Park.

Four routes in and north of 125th Street.

The introduction of five-cent routes which will enable passengers to ride by direct route between the East and West Sides through Central Park, between the Grand Central and the Pennsylvania Railroad Terminals and from the Upper West Side into the retail district of Harlem at 125th Street is a very advantageous feature to those districts. These services are not provided by any transportation system now existing.

It is believed that in this respect the offer of the New York Motor Bus Company is decidedly more desirable than that of the Fifth Avenue Coach Company.

5. Section 2, Twentieth. *Headway of vehicles during operation.*

The most probable interpretation of the offer of the Fifth Avenue Coach Company is that it will operate vehicles at intervals of not more than fifteen (15) minutes between 7 a. m. and midnight, and that it will also operate on a fifteen minute headway between midnight and 7 a. m. if reasonable convenience of the public requires and it be so directed by resolution of the Board.

The New York Motor Bus Company offers to operate vehicles at intervals of not more than fifteen (15) minutes between the hours of 7 a. m. and midnight, and as much oftener as reasonable convenience of the public may require, or as may be directed by resolution of the Board, and to operate at such intervals between midnight and 7 a. m. as reasonable convenience of the public may require or as may be directed by the Board.

The maximum headway between 7 a. m. and midnight proposed by both companies is the same, though the Fifth Avenue Coach Company has eliminated the provision which would require it to operate as much oftener than fifteen minutes as convenience of the public requires or as directed by the Board.

With respect to the period between midnight and 7 a. m. the Fifth Avenue Coach Company offers to operate on a fifteen minute headway only if reasonable convenience of the public requires, and if it be so ordered by the Board. It does not guarantee to operate on a less headway even if public convenience does require it. The New York Motor Bus Company offers to operate on any headway (maximum not fixed) during those hours if reasonable convenience of the public requires or if the Board directs.

Thus the New York Motor Bus Company goes much further in guaranteeing service in accord with public demands than does the Fifth Avenue Coach Company.

6. Section 2, Twenty-third *Company to extend routes during the term of the contract upon direction of Board.*

The Fifth Avenue Coach Company's proposal is as follows:

Amends so that upon notice by Board to Company to extend, the Company may or may not acquiesce. If it acquiesces it shall apply for franchise and accept the same for a term co-terminous with the original contract and upon the same terms and conditions, except that no further initial or minimum payments shall be required. If the Company does not acquiesce it will nevertheless equip and operate the extension, but upon the following conditions:

Separate account to be kept of the operation of the extension.

Deduct from gross receipts:

1st—The operating expenses.

2nd—Six per cent. on additional equipment required for extension.

3rd—A sum sufficient to amortize not less than one-half the cost of such equipment before the termination of the extension franchise.

If there be an excess of such receipts over such deductions, then such excess shall be divided equally with the City.

If there be a deficit after such deductions, then the same is to be offset against any franchise payments or collected as a debt due from the City.

Gross receipts of extension shall be fares collected thereon plus that proportion of other operating revenue as mileage of the extension bears to the mileage of the general system.

Operating expenses shall be arrived at by pro rating the same for the extension and the system in proportion to the mileage of extension to mileage of general system.

The New York Motor Bus Company's proposal is as follows:

Extensions may be ordered by Board at any time during the *original term and the first seven years of the renewal term.*

Provision made for additions as well as extensions.

Agrees to accept the new franchise which will contain terms and conditions similar to those of the original contract and also the following special conditions:

1st—Company to keep accurate accounts of gross income from extension or addition and adopt such means to keep accurate account as are necessary and approved of by the Board.

2nd—*Cost of operation* shall be deemed to equal:

(a) Actual bus miles on extension or addition multiplied by average cost of operation per bus mile on whole system, including the cost of amortization of physical property on whole system.

(b) Also 6 per cent. per annum upon a sum equal to \$10,000 per vehicle actually required to carry on the operation of the extension or addition.

3rd—If cost of operation of extension or addition, as above, exceeds gross income, the difference shall be deducted from franchise payments for the original franchise.

4th—If for any quarter of a fiscal year the operating costs of such extension or addition exceeds the gross income by an amount in excess of 75 per cent. of

the franchise payments for the original franchise for that period then the Company shall have the right to declare void the franchise for that extension or addition.

It will be noted that if there is a deficit in the operation of extensions ordered by the Board, the Fifth Avenue Company proposes that it shall be deducted from *any franchise payment*, which means payments for the existing franchises as well as for the proposed extensions, or collect the same as a debt due from the City. This might result in the effect of modifying the provisions which govern the existing operations, namely, that the Company must pay into the City Treasury five per cent. of its gross receipts. This could not legally be done in the form proposed. It is also a doubtful question whether the City could lawfully assume by the terms of a franchise contract the obligation to make up a deficit, beyond the amount payable to the City under the franchise.

The Fifth Avenue Coach Company proposes to compute the operating expenses of an extension by applying the average operating expense per mile of the entire system. This method is entirely unfair to the City. In all probability the average operating cost per mile of the whole system would exceed that of the extension for the reason that the headway on the extension would be greater than on many of the routes of the system. The more equitable basis upon which to figure the operating expenses would be to apply to the number of bus miles on the extension the average cost per bus mile of the system. One probable result of the application of the method of computing the operating expenses proposed by the Coach Company is that no profits whatever would result from the extension. Either the method of computing the operating expenses should be changed or else the gross receipts should be fixed on the basis of the average of the whole system.

The New York Motor Bus Company offers to compute the operating expenses on the basis of the average cost per bus mile and in that respect its offer is more favorable to the City.

The Fifth Avenue Coach Company proposes as a deduction from the income six per cent. per annum on additional equipment required for extensions, while the New York Motor Bus Company proposes to deduct six per cent. per annum upon \$10,000 per vehicle required to carry on the operation of the extension.

The fixed amount is probably more advantageous to the City in that the deduction can be more easily calculated. If \$10,000 per vehicle is a fair amount upon which to compute the six per cent., then the scheme of the New York Motor Bus Company is more advantageous.

The following is a summary of the Committee's conclusions with respect to the specific clauses of Proposal No. 1 of the Fifth Avenue Coach Company and of the Proposal of the New York Motor Bus Company, Inc., as set forth in the foregoing discussion.

Clauses Adopted by the Committee and Affected by the Proposals.		Proposal No. 1 of the Fifth Avenue Coach Company.	Proposal of the New York Motor Bus Company.	Remarks.
*1.	Compensation. Section 2, Second.....	Makes offer	Makes offer	Important; New York Motor Bus Company's offer is better.
2.	Right not exclusive. Section 2, Fourth.....	Amends	Accepts	Amendment is important.
*3.	Right of City to purchase. Section 2, Fifth.....	Amends	Accepts	Amendment is unimportant.
*4.	Commencement of operation. Section 2, Seventh....	Makes offer	Makes offer	Difference between offers is unimportant.
*5.	Size and Weight of vehicles. Section 2, Ninth....	Makes offer	Makes offer	Difference between offers is unimportant.
6.	Approval of vehicles by Board and withdrawal from service. Section 2, Sixteenth.....	Amends	Accepts	Amendments proposed are rather important.
7.	Repair of vehicles and compulsory withdrawal thereof. Section 2, Seventeenth.....	Amends	Accepts	
8.	Laws and ordinances in force during term to be complied with. Section 2, Eighteenth.....	Amends	Accepts	Amendment is important.
*9.	Rate of fare. Section 2, Nineteenth.....	Makes offer	Makes offer	Important; New York Motor Bus Company offers better rate of fare.
10.	Operating headway. Section 2, Twentieth.....	Makes offer	Makes offer	New York Motor Bus Company's offer is better.
11.	Removal of snow and ice. Section 2, Twenty-first.	Rejects without compromise	Rejects, but offers compromise	New York Motor Bus Company's offer is better.
*12.	Operation of extensions. Section 2, Twenty-third.	Makes offer	Makes offer	Important; New York Motor Bus Company's offer is better.
13.	Substitution of route. Section 2, Twenty-fourth....	Amends	Accepts	Amendment proposed is important.
14.	Forfeiture clause. Section 2, Twenty-eighth.....	Amends	Accepts	Amendment proposed is important.
15.	Fine for inefficient public service. Section 2, Twenty-ninth	Rejects without compromise	Accepts	
16.	Security deposit. Section 2, Thirty-first.....	Amends	Amends	Amendments proposed are unimportant.

*Indicates clauses with respect to which the Companies were asked to submit offers.

In view of the foregoing, your Committee is of the opinion that the offer of the New York Motor Bus Company, Inc., is the one most advantageous to the City and the public, and that, in fact, Proposal No. 1 of the Fifth Avenue Coach Company is one which could not properly be accepted by the City.

After the Committee reached this conclusion it next directed its attention to the wording of the clauses and changes submitted in the proposal of the New York Motor Bus Company. It was believed that the wording was in some cases insufficiently clear for the terms of a contract. This was true particularly in respect to the rate of fare and extension of time clauses. The Bureau of Franchises was accordingly directed to redraft those clauses in such a way to avoid as far as possible any misunderstanding as to their meaning and to insert therein such provisions as are necessary to protect the interests of the City in carrying out the offer of the Company. The Committee felt also that this Company's offer to commence making the minimum annual payments on the date when operation shall begin upon any of the lines, instead of on the date when the contract is signed by the Mayor, was not in line with the City's former policy. The same was also true with reference to that portion of the Company's offer which provided for mandatory instead of discretionary extension of time by the Board if operation is prevented by legal proceedings, works of public improvement, or other causes not within the control of the Company. Consequently the Bureau of Franchises was directed to confer with representatives of the Company with a view to making those changes in the contract which would eliminate the two objections above noted.

The Company has expressed its willingness to eliminate the mandatory provision with respect to the extension of time for the commencement of operation. It argues, however, that conditions have materially changed with respect to the deliveries of material since its proposal was made. While it believes it can place 100 vehicles in operation within six months, it feels that two months' additional time would be of great benefit and would place the Company in a position where it would feel better able to comply with the terms of the contract. Consequently the Company has agreed to commence the payments to the City upon the date when the certificate of convenience and necessity by the Public Service Commission is granted, provided it is given eight months instead of six months to place in operation 100 vehicles.

The contract herewith presented contains the amendments agreed to by the Company and a redraft of the rate of fare and extension of route clauses.

Some of the changes and additions to routes proposed by the New York Motor Bus Company have been accepted by your Committee as follows:

The addition of a loop at the northerly end of the West Side line at 193rd Street; the addition of a two-block extension for terminal purposes on Park Avenue, between 125th and 127th Streets; the addition of a loop in the vicinity of Morningside Drive and 120th Street; the addition of a loop at the westerly and easterly terminals for the crosstown line through 79th Street; the addition of a loop in the vicinity of Park Avenue at the easterly terminal of the Crosstown Line in Transverse Road No. 1 through Central Park; the substitution of 46th Street between Park Avenue and Broadway for 48th Street between the same limits; the addition of 31st and

33rd Streets between Madison Avenue and Seventh Avenue; the elimination of the line from 113th Street to Broadway by the way of St. Nicholas Avenue, St. Nicholas Place, Edgecomb Road and 167th Street; the elimination of St. Nicholas Avenue from 148th Street to 152nd Street; the elimination of Morningside Drive from 110th Street to 116th Street; the elimination of 120th Street from Amsterdam Avenue to Broadway and from Claremont Avenue to Riverside Drive, and the elimination of 79th Street from West End Avenue to Riverside Drive.

With respect to the other changes proposed, your Committee feels that it would be unwise to alter the system in accordance therewith. The Committee feels that while it is desirable to introduce a crosstown line in the vicinity of 34th Street, that street should not be used for that purpose on account of the congested traffic conditions. The use of Broadway south of 39th Street would likewise tend to add to congestion in the vicinity of Herald Square. Your Committee agrees that no rights should be granted on those thoroughfares at the present time.

There has been included, though not asked for by the Company, 42nd and 45th Streets from Park Avenue to Vanderbilt Avenue and Vanderbilt Avenue from 42nd Street to 45th Street. The right to use those thoroughfares has been proposed upon the condition that the Board shall have the right at all times to fix the ratio of the number of vehicles which shall be operated upon Vanderbilt Avenue to the number which shall be operated upon the elevated roadway around the Grand Central Station or upon the temporary route in Lexington Avenue. The same recommendation has been made with respect to the operation in 31st Street and 33rd Street.

The contract containing these modifications is submitted herewith.

The recommendations of your Committee are:

First.—That the proposal of the Manhattan Motor Bus Company be not received.

Second.—That the proposal of Messrs. Brunner and Gridley be rejected.

Third.—That both proposals of the Fifth Avenue Coach Company be rejected.

Fourth.—That the New York Motor Company be advised to file an amended petition for the routes contained in this form of contract, in order that the Board may act thereon. It is believed that that Company has submitted the best offer and that the contract as now presented, which embodies this offer, is a good and satisfactory one for the City to accept.

The Company has stated that it is willing to accept the amendments hereinbefore discussed. The President of the Company has, as a guarantee of the Company's good faith, placed in the hands of the Committee a certified check in the sum of sixty thousand dollars (\$60,000) drawn to the order of the Comptroller. This check is presented upon the condition that it is to be returned forthwith if the Board fails to grant the franchise to the New York Motor Bus Company. If, on the other hand, the Board grants the franchise according to the proposal the check is to be delivered to the Comptroller of the City with instructions that in the event the Company fails to accept the franchise the money is to remain the property of the City, but if the

franchise is accepted by the Company the money is to be applied by the Comptroller to the initial payment and security deposit required by the franchise, which sums amount to sixty thousand dollars (\$60,000).

Respectfully submitted,

JOHN PURROY MITCHEL, Mayor;

GEORGE McANENY, President, Board of Aldermen;

DOUGLAS MATHEWSON, President, Borough of The Bronx;

FRANCHISE COMMITTEE.

SYNOPSIS OF PROVISIONS OF CONTRACT.

Section 1. Grant; descriptions of streets in which right is granted.

Section 2. Conditions of grant.

First—Term of grant: 15 years with privilege of 10 years renewal.

Second—Compensation.

Initial payment \$30,000 00

Five per cent. of gross receipts with minimum annual payments as follows:

First year \$30,000 00

Second year 35,000 00

Succeeding three years..... 40,000 00 per annum

Succeeding five years..... 50,000 00 per annum

Succeeding live years..... 60,000 00 per annum

Third—Annual charges to continue throughout whole term.

Fourth—Right not exclusive.

Fifth—City may purchase all or any part of the property of Company upon an agreed value or value to be determined by arbitration.

Sixth—Rights not to be assigned without consent of Board.

Seventh—Commencement of operation; Company to place in operation 100 vehicles in six months and a sufficient number to operate all lines in twelve months.

Eighth—Company not allowed to erect structures in the streets.

Ninth—Limitations of weight, dimensions, etc., of vehicles.

Tenth—Information to be painted on vehicles.

Eleventh—No advertising signs to be permitted on the outside of vehicles.

Twelfth—Destination of vehicles to be plainly indicated.

Thirteenth—Number of passengers to be carried not to exceed seating capacity.

Fourteenth—Vehicles to be heated.

Fifteenth—Vehicles to be lighted.

Sixteenth—Vehicles must be submitted for approval before they are put in operation.

Seventeenth—Vehicles to be maintained in good and safe repair; Company to permit inspection of vehicles and to withdraw vehicles from service if unfit for public use and to remedy defect before restoring same to service.

Eighteenth—Laws and ordinances affecting operation to be complied with.

Nineteenth—Rate of fare. Fare to be ten cents between all points with certain named routes upon which the fare shall be five cents.

Twentieth—Frequency of service and discretion of Board with reference to number of vehicles on certain streets.

Twenty-first—Company to open, by means of snow plows, passage sixteen feet in width over all routes not occupied by street railways.

Twenty-second—Use of streets other than those described in the contract.

Twenty-third—Company to operate, pursuant to specified conditions, extensions or additional routes upon order of the Board.

Twenty-fourth—Board has right to change routes of Company within fixed limits.

Twenty-fifth—Company to report to Board.

Twenty-sixth—Company to keep accurate books of account.

Twenty-seventh—Company to keep accurate books of data with respect to different service and different classes of vehicles.

Twenty-eighth—City may sue for forfeiture.

Twenty-ninth—Damages for inefficient public service.

Thirtieth—Company to assume all liability to persons and property.

Thirty-first—Security deposit.

Thirty-second—Definition of words "notice," "order" and "direction."

Thirty-third—Definition of words "streets" or "avenues."

Thirty-fourth—If powers of the Board or other authorities are transferred to any other board or authority, then such other board or authority to act in place of Board or such other authority.

Section 3—Nothing in the contract to be construed as limiting power of Public Service Commission.

Section 4—Company promises, covenants and agrees to conform to and abide by all the terms and conditions.

PROPOSED FORM OF MOTOR BUS FRANCHISE.

This contract, made and executed in duplicate this day of 19 , by and between The City of New York (hereinafter called the City), party of the first part, by the Mayor of said City, acting for and in the name of said City, under and in pursuance of the authority of the Board of Estimate and Apportionment of said City (hereinafter called the Board), and the Company (hereinafter called the Company), party of the second part, Witnesseth:

In consideration of the mutual covenants and agreements herein contained, the parties hereto do hereby covenant and agree as follows:

Section 1. The City hereby grants to the Company, subject to the conditions and provisions hereinafter set forth, the right and privilege to maintain and operate a stage or omnibus route for public use in the Borough of Manhattan, in The City of New York, upon the following routes, to wit:

Beginning in 14th Street at Union Square; thence along 14th Street to Irving Place; thence along Irving Place to 20th Street; thence east along 20th Street to Gramercy Park East; also west along 20th Street to Gramercy Park West; thence north along both Gramercy Park East and Gramercy Park West to 21st Street; thence east along 21st Street from Gramercy Park West, and west along 21st Street from Gramercy Park East to Lexington Avenue; thence along Lexington Avenue to 23d Street; thence along 23d Street to Madison Avenue; thence along Madison Avenue to 40th Street; thence along both 39th and 40th streets from Madison Avenue to Park Avenue; thence along Park Avenue to 42d Street; thence along 42d Street to Vanderbilt Avenue; thence along Vanderbilt Avenue to 45th Street; thence along 45th Street to Park Avenue, and also upon a viaduct proposed to be constructed in Park Avenue for the purpose of connecting the roadway of Park Avenue at about 40th Street with the elevated roadway on the southerly side of the Grand Central Station; thence along said viaduct to said elevated roadway on the southerly side of the Grand

Central Station; thence along the elevated roadway on the southerly and on the westerly sides of the Grand Central Station to 45th Street; thence along 45th Street to Park Avenue; thence along Park Avenue to 96th Street; provided that during the period prior to the date of the opening to traffic of said viaduct in Park Avenue from about 40th Street to the elevated roadway on the southerly side of the Grand Central Station, the route of the operation around the Grand Central Station shall be northerly along Park Avenue to 42d Street; thence along 42d Street to Lexington Avenue; thence along Lexington Avenue to 46th Street; thence along 46th Street to Park Avenue; thence northerly along Park Avenue; but after the completion of said viaduct the operation along Park Avenue from the southerly terminus of said proposed viaduct to 42d Street, along 42d Street from Park Avenue to Lexington Avenue, along Lexington Avenue from 42d Street to 46th Street, and along 46th Street from Lexington Avenue to Park Avenue, shall cease, and the operation shall be continued upon the said viaduct and said elevated roadways on the southerly and westerly sides of the Grand Central Station.

Beginning in 14th Street at Union Square; thence along 14th Street to 7th Avenue; thence along 7th Avenue to Longacre Square and Broadway; thence along Longacre Square and along Broadway to Columbus Circle. (Provided that if the Board sees fit it may at any time during the term of the contract order the Company to operate along 7th Avenue from Broadway to 57th Street; thence along 57th Street to Broadway, instead of along Broadway from 7th Avenue to 57th Street, and if the Board shall so order, then the Company shall discontinue the operation on that portion of Broadway between 48th and 57th streets); thence along Columbus Circle on each side thereof to Broadway; thence along Broadway to its intersection with 72d Street and Amsterdam Avenue (provided that if and when the existing street railway tracks in Central Park West, between Columbus Circle and 72d Street, shall be removed to a position at or near the center of the roadway, the route shall then continue along Central Park West from Columbus Circle to 72d Street; thence along 72d Street to its intersection with Broadway or Amsterdam Avenue, and the company shall then discontinue the use of that portion of Broadway between its intersection with Columbus Circle and its intersection with 72d Street or Amsterdam Avenue); thence along Amsterdam Avenue to 86th Street; thence along 86th Street to West End Avenue; thence along West End Avenue to Broadway; thence along Broadway to St. Nicholas Avenue; thence along St. Nicholas Avenue to its intersection with Wadsworth Avenue or 193d Street; thence along Wadsworth Avenue or 193d Street to 192d Street; thence along 192d Street to St. Nicholas Avenue.

Beginning at the intersection of Madison Avenue and 31st Street; thence along 31st Street to 8th Avenue; thence along 8th Avenue to 33d Street; thence along 33d Street to Madison Avenue. Beginning at the intersection of Sixth Avenue and 31st Street, thence along Sixth Avenue to 33rd Street. Beginning at the intersection of Broadway and 39th Street; thence along Broadway to 7th Avenue, or Longacre Square.

Beginning at the intersection of 7th Avenue with 39th and 40th streets; thence along both 39th and 40th streets to their intersection with Park Avenue; said route

in 39th Street to be used for one-way traffic only, and said route in 40th Street to be used for one way traffic only. Beginning at the intersection of 6th Avenue and 39th Street; thence along 6th Avenue to 40th Street.

Beginning at the intersection of Broadway with 46th and 47th streets; thence along both 46th and 47th streets to their intersections with Park Avenue; said route in 46th Street to be used for one way traffic only and said route in 47th Street to be used for one way traffic only.

Beginning in 65th Street at its intersection with Park Avenue; thence along 65th Street to and across 5th Avenue to Transverse Road No. 1 through Central Park; thence along said Transverse Road to Central Park West at 66th Street; thence along 66th Street to Broadway (provided that if the Company shall subsequently operate along Central Park West and 72d Street from Columbus Circle to the intersection of 72d Street and Broadway, instead of along Broadway from Columbus Circle to 72d Street, as herein provided, then the Company shall discontinue the operation along that portion of 66th Street between Central Park West and Broadway. Also beginning at the intersection of Park Avenue and 64th Street; thence along 64th Street to Madison Avenue; thence along Madison Avenue to 65th Street.

Beginning at the intersection of Avenue A and 79th Street; thence along Avenue A to 80th Street; thence along 80th Street to East End Avenue; thence along East End Avenue to 79th Street; thence along 79th Street to and across 5th Avenue to Transverse Road No. 2 through Central Park; thence along said Transverse Road to Central Park West, at 81st Street; thence along Central Park West to 77th Street; thence along 77th Street to Columbus Avenue; thence along Columbus Avenue to 79th Street; thence along 79th Street to West End Avenue; thence along West End Avenue to 80th Street; thence along 80th Street to Broadway; thence along Broadway to 79th Street.

Beginning in 96th Street, at its intersection with Park Avenue; thence along 96th Street to 5th Avenue; thence along 5th Avenue to Transverse Road No. 4 through Central Park at 97th Street; thence along said Transverse Road to Central Park West; thence along Central Park West to 96th Street; thence along 96th Street to West End Avenue.

Beginning in 110th Street at its intersection with Broadway; thence along 110th Street to 8th Avenue and around the Circle at the intersection of 8th Avenue and 110th Street.

Beginning at the intersection of Morningside Drive and 119th Street; thence along 119th Street to Amsterdam Avenue; thence along Amsterdam Avenue to 120th Street; thence along 120th Street to Morningside Drive; thence along Morningside Drive to 116th Street; thence along 116th Street to Claremont Avenue; thence along Claremont Avenue to 120th Street; thence along 120th Street to Broadway.

Beginning in Manhattan Avenue at its intersection with 110th Street; thence along Manhattan Avenue to Morningside Avenue (Morningside Park East); thence along Morningside Avenue, or Morningside Park East, to Convent Avenue; thence along Convent Avenue to St. Nicholas Avenue; thence along St. Nicholas Avenue to its intersection with Broadway.

Beginning in Manhattan Street at or near the terminal of the 130th Street Ferry to Fort Lee; thence along Manhattan Street to 125th Street; thence along 125th Street to Park Avenue; thence along Park Avenue to 127th Street.

Beginning in 155th Street at its intersection with Broadway; thence along 155th Street and along the viaduct in 155th Street to a point on said viaduct over the station of the elevated railroad at the intersection of 155th Street and 8th Avenue.

Beginning in Fort Washington Avenue at its intersection with Broadway; thence along Fort Washington Avenue to 181st Street; thence along 181st Street to St. Nicholas Avenue.

Also along any or all of the following portions of streets and avenue which may be necessary for the Company to use in order that it may conform with traffic regulations:

Union Square West and Union Square East from their intersections with 14th Street to their intersections with 17th Street.

Fifteenth and 16th streets from their intersections with Irving Place to their intersections with Union Square East.

Seventeenth Street from its intersection with Irving Place to its intersection with Broadway.

Forty-first, 42d and 48th streets from their intersections with Broadway to their intersections with 7th Avenue.

Seventh Avenue from Longacre Square to 48th Street.

Fifty-seventh and 58th streets from their intersections with Broadway to their intersections with 8th Avenue and 8th Avenue from its intersection with 57th Street to Columbus Circle.

One Hundred and Sixty-seventh Street from Broadway to St. Nicholas Avenue.

And to cross such other streets and avenues, named and unnamed, as may be encountered in said routes.

The said routes hereby authorized are shown upon a map entitled:

(Here insert title of map.)

and signed by _____, President, and _____, Engineer, copy of which is attached hereto, is to be deemed a part of this contract, is to be construed with the text thereof, and is to be substantially followed, provided that temporary deviations therefrom may be permitted as hereinafter set forth.

Section 2. The grant of this privilege is subject to the following conditions, which shall be complied with by the Company:

First—The said right to maintain or operate said stage or omnibus routes shall be held and enjoyed by the Company for the term of fifteen (15) years from the date upon which this contract is signed by the Mayor, with the privilege of renewal of said contract for the further period of ten (10) years upon a fair revaluation of such right and privilege. Such right and privilege shall be valued as if the Company had not exercised the same for the said period of fifteen (15) years, and no allowance shall be made to the Company in such valuation by reason of such exercise.

If the Company shall determine to exercise its privilege of renewal it shall make application to the Board, or any authority which shall be authorized by law to act for the City in place of the Board. Such application shall be made at any time not earlier than two (2) years and not later than one (1) year before the expiration

of the original term of this contract. The determination of the revaluation shall be sufficient if agreed to in writing by the Company and the Board, but in no case shall the annual rate of compensation to the City be fixed at a less amount than the sum required to be paid during the last year prior to the termination of the original term of this contract.

If the Company and the Board shall not reach such agreement on or before the day one (1) year before the expiration of the original term of this contract, then the annual rate of compensation for such succeeding ten (10) years shall be reasonable, and either the City (by the Board) or the Company shall be bound upon request of the other to enter into a written agreement with each other fixing the rate of such compensation at such amount as shall be reasonable, but in no case shall the annual rate so fixed be less than the sum required to be paid for the last year prior to the termination of the original term of this contract, and if the parties shall not forthwith agree upon what is reasonable, then the parties shall enter into a written agreement fixing such annual rate and at such amount as shall be determined by three disinterested persons selected in the following manner:

One disinterested person shall be chosen by the Board; one disinterested person shall be chosen by the Company; these two shall choose a third disinterested person, and the three so chosen shall act as appraisers and shall make the revaluation aforesaid. Such appraisers shall be chosen at least six (6) months prior to the expiration of this original contract, and their report shall be filed with the Board within three (3) months after they are chosen. They shall act as appraisers and not as arbitrators. They may base their judgment upon their own experience and upon such information as they may obtain by inquiries and investigations, without the presence of either party. They shall have the right to examine any of the books of the Company and its officers under oath. The valuations so ascertained, fixed and determined shall be conclusive upon both parties, but no annual sum shall, in any event, be less than the sum required to be paid for the last year of the original term of this contract. If in any case the annual rate shall not be fixed prior to the termination of the original term of this contract, then the Company shall pay the annual rate theretofore prevailing until the new rate shall be determined, and shall then make up to the City the amount of any excess of the annual rate then determined over the previous annual rate. The compensation and expenses of the said appraisers shall be borne jointly by the City and the Company, each paying one-half thereof.

Second—The Company shall pay to the City for the privilege hereby granted the following sums of money:

(a) The sum of thirty thousand dollars (\$30,000) in cash within thirty (30) days after the date on which this contract is signed by the Mayor, and before anything is done in exercise of the privilege hereby granted.

(b) During the first term of five (5) years an annual sum which shall be equal to five (5) per cent. of its gross annual receipts, but which sum shall not be less than thirty thousand dollars (\$30,000) during the first year of this contract, thirty-five thousand dollars (\$35,000) during the second year of this contract and forty thousand dollars (\$40,000) per annum during the succeeding three (3) years of this contract.

During the succeeding term of five (5) years an annual sum which shall be equal

to five (5) per cent. of its gross annual receipts, but which sum shall not be less than fifty thousand dollars (\$50,000).

During the remaining term of five (5) years an annual sum which shall be equal to five (5) per cent. of its gross annual receipts, but which sum shall not be less than sixty thousand dollars (\$60,000).

The gross annual receipts mentioned above shall be the gross receipts of the Company from all sources, except from the operation of extensions and additional routes which may be hereafter authorized.

The annual charges shall commence from the date upon which the Company obtains the approval of this contract and a certificate of convenience and necessity from the Public Service Commission, as required by law. The Company hereby agrees to file this application with the Public Service Commission for such approval and such certificate within ten (10) days from the date of this contract.

All annual charges as above shall be paid into the Treasury of the City on November 1 of each year and shall be for the amount due to September 30 next preceding. Provided that the first payment shall be only for that proportion of the annual charge fixed as the time between the date upon which such annual charges commence, as determined under the conditions of the preceding paragraph and September 30 following shall bear to the whole of one year.

Any and all payments to be made by the term of this contract to the City by the Company shall not be considered in any manner in the nature of a tax, but such payments shall be made in addition to any and all taxes of whatsoever kind or description, now or hereafter required to be paid by any ordinance of the City, or resolution of the Board, or any law of the State of New York.

Third—The annual charges or payments shall continue throughout the whole term of this contract, notwithstanding any clause in any statute or in the charter of any other company providing for payment for similar rights or franchises at a different rate.

Fourth—Nothing in this contract shall be deemed to affect in any way the right of the City to grant to any individual or other corporation a similar right or privilege upon the same or other terms and conditions, over the same streets and avenues, hereinbefore described.

Fifth—At the termination or forfeiture of this grant, the City, at the election of the Board, shall have the right to purchase all or any part of the property of the Company used for the purpose of the operation of the stage or omnibus system hereby authorized at a sum equal to a fair value of such property, exclusive of any value which such property may have by reason of this contract.

If the Company and the City cannot agree upon a fair value of such property, then the value thereof shall be determined and fixed by arbitration at the instance of either party upon notice to the other party hereto, in the following manner:

One disinterested person shall be chosen by the Company, one disinterested person shall be chosen by the Board, and the two so chosen shall choose a third disinterested person. The decision under oath of any two of such persons, who shall be so selected, shall be final and conclusive.

If either the Company or the City fails to appoint an arbitrator as herein provided, or should the first two arbitrators fail to agree on the selection of the third arbitrator within thirty (30) days after the first two arbitrators shall be chosen, or if no two arbitrators so selected shall agree upon the value of such property within sixty (60) days after the arbitrators shall be so selected, then such value may be fixed by a commissioner appointed by the Supreme Court on the application of either party.

Sixth—The rights and privileges hereby granted shall not be assigned, either in whole or in part, or leased or sublet in any manner, nor shall title thereto, or right, interest or property therein, pass to or vest in any other person or corporation whatsoever, either by the act of the Company, or by operation of law, whether under the provisions of the statutes relating to the consolidation or merger of corporations or otherwise, without the consent of the City, acting by the Board, evidenced by an instrument under seal, anything herein contained to the contrary thereof in any wise notwithstanding, and the granting, giving or waiving of any one or more of such consents shall not render unnecessary any subsequent consent or consents; and no assignment, lease or sub-lease of the rights or privileges hereby granted, or of any part thereof, or of any of the routes mentioned herein, or of any part thereof, shall be valid or effectual for any purpose unless the said assignment, lease or sub-lease shall contain a covenant on the part of the assignee or lessee that the same is subject to all the conditions of this contract; and that the assignee or lessee assumes and will be bound by all of said conditions, and especially said conditions as to payments, anything in any statute or in the charter of such assignee or lessee to the contrary notwithstanding, and that the said assignee or lessee waives any more favorable conditions created by such statute or its charter, and that it will not claim by reason thereof or otherwise exemption from liability to perform each and all of the conditions of this contract.

Seventh—The Company shall place at least one hundred vehicles in regular operation within eight (8) months from the date of the signing of this contract and a sufficient number of vehicles to operate all of the routes herein authorized within twelve (12) months from the date upon which this contract is signed by the Mayor, provided that such period may be extended by the Board for a period or periods not exceeding in the aggregate six (6) months; and, provided, further, that when the commencement of said operation shall be prevented by legal proceedings in any court or by works of public improvement, or from other causes not within the control of the Company, the time for the commencement of such operation may be extended for the period of such prevention, but no delay shall be allowed for unless the court proceedings shall be diligently prosecuted by the Company, and provided further that in no case shall such delay be deemed to begin until the Company shall have given written notice to the Board of any such court proceedings or other occasion of delay, and deliver to the Board copies of any injunction or other orders, and the papers upon which the same shall have been granted, and unless upon the request of the Board, the Company shall, in writing, consent that the Board, either in its own name as a party, or in the name of the City as a party, may intervene in any such proceeding.

Eighth—Nothing herein contained shall be construed as permitting the grantee to

erect any structures whatever upon City streets, and the Company shall not construct or maintain any fixture or structure in the street unless especially authorized by resolution of the Board.

Ninth—All vehicles which may be operated pursuant to this contract shall comply with the following general requirements:

1. They shall be propelled by power generated or contained within the vehicle itself, but no power shall be used which will in its generation or use produce smoke or noxious odors sufficient, in the opinion of the Board or its authorized representatives, to constitute a nuisance.
2. The maximum weight, including fuel, water, oil or any other material or any accessories used in operation, shall not exceed ten thousand five hundred (10,500) pounds.
3. The maximum width shall not exceed seven (7) feet six (6) inches.
4. The maximum height over all shall not exceed ten (10) feet nine (9) inches.
5. The maximum height of the floor of the upper deck shall not exceed eight (8) feet.
6. The maximum length shall not exceed twenty-five (25) feet.
7. They shall be designed and constructed in a manner which will permit ease and freedom of movement under all conditions.
8. The distribution of weight on axles, length of wheel base and other features of design shall be such as to avoid skidding as far as possible and shall be such as to permit easy steering and control.
9. They shall be fitted with brakes capable of stopping and holding the same under all conditions.
10. All parts shall be so constructed that no undue noise or vibration shall result from operation.
11. They shall be so constructed that the oil or grease cannot drop on the roadway.

Tenth—No stage or omnibus shall be operated pursuant to this contract unless there shall be painted thereon in letters sufficiently large to be clearly legible at a distance of seventy-five feet:

- (a) The name of the Company owning and operating such vehicle.
- (b) The number of the vehicle which is assigned to it upon receiving the approval of the Board or its authorized representatives.
- (c) The number of adults for which the vehicle has seating space.

Eleventh—No advertising signs shall appear on the outside of any stage or omnibus.

Twelfth—The destination of each stage or omnibus shall be plainly indicated on the front of the vehicle, and shall be illuminated at night.

Thirteenth—The number of passengers to be carried in any vehicle shall at no time exceed the seating capacity of the vehicles.

Fourteenth—The inclosed portion of all stages or omnibuses which are operated on said routes shall be heated during the cold weather, in conformity with such laws and ordinances as are now in force affecting surface railway cars or such laws and

ordinances affecting stages or omnibuses as may hereafter, during the term of this contract, be in force, or as may be required by resolution of the Board.

Fifteenth—The inclosed portion of all stages or omnibuses operated on said routes shall be well lighted and as may be required by resolution of the Board.

Sixteenth—Before any stage or omnibus is put in service it must be submitted to the Board or its authorized representatives and receive the approval thereof. If any vehicle which may be so submitted for approval shall not conform with the requirements herein the Company shall not operate such vehicle. If after a vehicle shall have been so approved, defects develop which in the opinion of the Board or its authorized representatives render it unsuitable for public service, then the Board or its authorized representatives may require the withdrawal of such vehicle from service.

Upon being approved by the Board or its authorized representatives, each vehicle shall be given a number which shall not be changed so long as such vehicle shall be operated by the Company, unless and until the Company shall notify the Board that it proposes to change the number of the vehicle and of the new number which it is proposed to use.

Seventeenth—All vehicles operated pursuant to this grant shall be maintained in good and safe repair and in a manner which will in all ways render the vehicle fit for public service. The Company shall permit the Board or its authorized representatives to inspect at all reasonable times any or all the vehicles used by the Company. If upon inspection any vehicle shall appear in the judgment of said Board or its authorized representatives to be unfit for public service, then the Company shall, upon notice, immediately withdraw such vehicle from service, and shall remedy the defect and notify the Board or its authorized representatives that the defect has been remedied before such vehicle shall be restored to service.

Eighteenth—All laws and ordinances affecting the operation of stages or omnibuses now in force or which may be in force during the term of this contract shall be complied with by the Company. The Company shall also comply with and enforce the carrying out of any orders or regulations which may be issued by the Board, designed for the protection of persons, of property or of the comfort and health of the public.

Nineteenth—The rate of fare for any passenger shall not exceed ten (10) cents, and upon the payment of such fare a passenger shall be entitled to ride as directly as possible from any point on the routes hereby authorized to any other point on the routes hereby authorized, either in one vehicle or by means of one or more transfers to other vehicles, provided that for a single fare of ten (10) cents no passenger shall be entitled to return toward the point at which the ride originated, and the Company shall accordingly issue transfers upon demand, good within a reasonable time, at the intersection or meeting of any two of the Company's operating routes at some point of such intersection or meeting to be designated by the Company.

In consideration of the right hereby granted the Company agrees to operate "special" five-cent lines over the streets hereinafter described, all of which streets are included in the routes hereby authorized.

The rate of fare for any passenger upon said "special" lines shall not exceed

five (5) cents, and upon the payment of such fare a passenger shall be entitled to ride as directly as possible from any point on said "special" lines herein described to any other point connected by said "special" lines, either in one vehicle or by means of one or more transfers to other vehicles, provided that for a single fare of five (5) cents no passenger shall be entitled to return toward the point at which the ride originated, and the Company shall accordingly issue transfers upon demand, good within a reasonable time at the intersection or meeting of any two of the said "special" lines at some point of such intersection or meeting to be designated by the Company.

The streets in which said "special" five-cent lines shall be operated are described as follows:

Broadway from 14th Street to 17th Street; 17th Street from Broadway to Irving Place; 4th Avenue from 14th Street to 17th Street; 16th Street from 4th Avenue to Irving Place; 15th Street from 4th Avenue to Irving Place; 14th Street from Irving Place to 7th Avenue; 7th Avenue from 14th Street to 33d; 33d Street from 8th Avenue to Madison Avenue; 8th Avenue from 31st Street to 33d Street; 31st Street from 8th Avenue to Madison Avenue; Irving Place from 14th Street to 20th Street; all streets bounding Gramercy Park; Lexington Avenue from 21st Street to 23d Street; 23d Street from Lexington Avenue to Madison Avenue; Madison Avenue from 23d Street to 40th Street; 40th Street from Madison Avenue to Park Avenue; 39th Street from Madison Avenue to Park Avenue; Park Avenue from 39th Street to 42d Street; along the viaduct proposed to be constructed in Park Avenue for the purpose of connecting the roadway of Park Avenue at or about 40th Street with the elevated roadway on the southerly side of the Grand Central Station; the elevated roadway on the southerly side of the Grand Central Station between the said viaduct and the elevated roadway on the westerly side of the Grand Central Station; the elevated roadway on the westerly side of the Grand Central Station; 45th Street from Vanderbilt Avenue to Park Avenue; Park Avenue from 45th Street to 46th Street; 46th Street from Park Avenue to Lexington Avenue; Lexington Avenue from 42d Street to 46th Street; 42d Street from Lexington Avenue to Vanderbilt Avenue; Vanderbilt Avenue from 42d Street to 45th Street.

Sixty-sixth Street from Broadway to Central Park West; Transverse Road No. 1 through Central Park from Central Park West to 5th Avenue; 65th Street from 5th Avenue to Park Avenue; Park Avenue from 65th Street to 64th Street; 64th Street from Park Avenue to Madison Avenue; Madison Avenue from 64th Street to 65th Street.

Broadway from 79th Street to 80th Street; 80th Street from Broadway to West End Avenue; West End Avenue from 80th Street to 79th Street; 79th Street from West End Avenue to Columbus Avenue; Columbus Avenue from 79th Street to 77th Street; 77th Street from Columbus Avenue to Central Park West; Central Park West from 77th Street to Transverse Road No. 2 through Central Park; Transverse Road No. 2 through Central Park from Central Park West to Fifth Avenue; 79th Street from Fifth Avenue to East End Avenue; East End Avenue from 79th Street to 80th Street; 80th Street from East End Avenue to Avenue A; Avenue A from 80th Street to 79th Street.

Ninety-sixth Street from West End Avenue to Central Park West; Central Park West from 96th Street to Transverse Road No. 4 through Central Park; Transverse Road No. 4 through Central Park from Central Park West to Fifth Avenue; Fifth Avenue from Transverse Road No. 4 through Central Park to 96th Street; 96th Street from Fifth Avenue to Park Avenue.

Park Avenue from 127th Street to 125th Street; 125th Street from Park Avenue to Manhattan Street; Manhattan Street from 125th Street to Fort Lee Ferry; Broadway from Manhattan Street to St. Nicholas Avenue; St. Nicholas Avenue from Broadway to 193d Street; 193d Street or Wadsworth Avenue from St. Nicholas Avenue to 192d Street; 192d Street from Wadsworth Avenue to St. Nicholas Avenue; Morning-side Avenue from 125th Street to Convent Avenue; Convent Avenue from Morning-side Avenue to St. Nicholas Avenue; St. Nicholas Avenue from Convent Avenue to Broadway; 167th Street from Broadway to St. Nicholas Avenue; 155th Street from Broadway to Eighth Avenue; Fort Washington Avenue from Broadway to 181st Street; 181st Street from Fort Washington Avenue to St. Nicholas Avenue.

Twentieth—Stages or omnibuses shall be run on said routes at intervals of not more than fifteen (15) minutes between the hours of 7 A. M. and 12 o'clock midnight, and as much oftener as reasonable convenience of the public may require or as may be directed by resolution of the Board, and stages or omnibuses shall be operated on such routes and at such intervals between the hours of 12 o'clock midnight and 7 A. M. as reasonable convenience of the public may require, or as may be directed by resolution of the Board.

It is hereby agreed that the Board shall at all times during the term of this contract have the right to fix, for any period, the maximum number of vehicles which shall be operated in 31st Street and 33d Street, from Madison Avenue to Eighth Avenue, and to fix, for any period, the ratio of the number of vehicles operated on Vanderbilt Avenue between 42d Street and 45th Street to the number of vehicles operated over the elevated roadway on the southerly and westerly sides of the Grand Central Station, and to fix, for any period, the ratio of the number of vehicles operated on Vanderbilt Avenue between 42d Street and 45th Street, to the number of vehicles operated over the temporary route, Lexington Avenue from 46th Street to 42d Street.

Twenty-first—In the event of snowfall the Company shall, as directed by the Commissioner of Street Cleaning, open by means of snow plows or brooms, a passage sixteen feet in width over all or any of the routes herein authorized and not occupied by a street railway.

Twenty-second—It is understood that the Company shall operate, pursuant to this contract, only the routes herein authorized, but should vehicular traffic be diverted from any portion of any of the streets or avenues upon which the Company is herein authorized to operate because of fires, parades or because of any other event which will close the street to vehicular traffic temporarily, then the Company may use such other streets, or avenues as are necessary to continue the operation. If, however, for any reason any of the streets and avenues in which the operation is hereby authorized shall be closed to vehicular traffic for a longer period than twenty-four hours,

then the Company shall communicate with the Board or its authorized representatives and obtain authority for the operation upon other streets and avenues for the period during which said street or avenue may be closed.

Twenty-third—If in the opinion of the Board it shall at any time during the original term, or during the first seven (7) years of the renewal term of this contract, be deemed necessary that the Company operate an extension or extensions to any of the routes herein authorized or routes in addition to and distinct from and in no way connected with those herein authorized, and the Board shall so order after a public hearing, notification of which shall be given to the Company at least ten (10) days prior to the date thereof, then the Company shall within thirty (30) days after the date of such order, apply for a franchise for a term expiring not later than the date of the expiration of this contract, and shall accept a franchise or right to operate such extension, extensions or additional routes, which franchise shall contain the following special clauses:

"(1) *The Company shall keep accurate accounts of the gross receipts from all sources acquired from the operation of the route herein authorized and of the number of bus miles operated thereon, and shall take such means as are necessary and approved by the Board to keep such accounts.*

"(2) *The annual cost of operation of the route herein authorized shall be deemed to equal the sum of the following items:*

"(a) *The number of bus miles actually operated thereon, multiplied by the average cost of operation per bus mile over the entire system of the Company, which average cost of operation shall include a sum sufficient to pay for the depreciation of physical property, which sum shall in no event be less than an amount sufficient to pay for three (3) years' depreciation during the term of this franchise.*

"(b) *Interest at the rate of six (6) per cent. per annum upon the value of the physical property actually required to carry on the operation of the route herein authorized, which value, unless a less value is agreed to by the Company and the City, or a less value determined by arbitration, shall be an amount equal to ten thousand dollars (\$10,000) for each additional vehicle for the operation of the route herein authorized. The number of additional vehicles necessary for said operation on the route herein authorized shall be deemed to be equal to the number of bus miles operated thereon per annum, divided by the average number of bus miles per annum operated by each of the vehicles of the Company over its entire system, which shall in no case be less than twenty thousand miles.*

"(3) *The gross receipts as herein used shall be the actual receipts to the Company resulting from the operation of the route herein authorized from any source whatsoever. If said route is operated in conjunction with any other route or routes of the Company not described in this franchise, then the gross receipts shall be deemed to be one and one-third ($1\frac{1}{3}$) times the cash fares collected on said route, one half ($\frac{1}{2}$) the cash fare value of the transfers collected on said route and that proportion of the receipts of the*

Company from advertising privileges as the number of bus miles per annum operated on the route herein authorized bears to the total bus miles operated per annum by the Company upon all the routes then operated within the City, unless some other method to determine the gross receipts shall be agreed to by the Company and the City.

"(4) If during any year ending September 30 the cost of operation of the route herein authorized shall exceed the gross receipts therefrom for that year, then the amount of the excess of cost of operation over such gross receipts shall be deducted from the payments to the City for that year required by the first or original franchise granted to the Company.

"(5) If during any year the total cost of operation of all the routes operated by the Company under franchises applied for in compliance with orders of the Board pursuant to section 2, subdivision twenty-third, of the original franchise of the Company, exceeds for the corresponding year the aggregate of the gross receipts therefrom by an amount in excess of three and three-fourths ($3\frac{3}{4}$) per cent. of the gross receipts of the routes of the Company operated pursuant to said original franchise, then the Company shall have the right to discontinue and abandon one or more of such routes operated in compliance with orders of the Board as is necessary to limit the loss to an amount not exceeding said three and three-fourths ($3\frac{3}{4}$) per cent. of said gross receipts. The routes to be abandoned shall be selected by the Board."

All other terms and conditions of such franchise shall be the same as contained in this contract, unless otherwise mutually agreed to by the Company and the City, with, however, the following exceptions, omissions, changes and additions:

1. Section 2, subdivision second, clause (a) shall provide for the payment of an amount bearing the same ratio to thirty thousand dollars (\$30,000) as the length of such extension or additional route bears to the length of the streets described herein unless a greater amount is agreed to by the Company.

2. Section 2, subdivision second, clause (b) shall provide for a payment of five (5) per cent. of the gross receipts for such extension or additional route during the term of the contract, with reasonable minimum annual payments, to be agreed upon between the City and the Company.

3. Section 2, subdivision seventh, shall contain a specified period within which to commence operation, which period shall be sufficient to enable the Company to reasonably comply therewith.

4. Section 2, subdivision nineteenth shall provide for a maximum rate of fare to be determined by the Board, but which shall in no case, without the consent of the Company, be fixed at an amount less than five (5) cents.

5. Section 2, subdivision twentieth shall provide for maximum headway of vehicles to be determined by the Board.

6. Section 2, subdivision thirty-first shall provide for the deposit as security of a sum which may be mutually agreed upon by the City and the Company. In case, however, such an agreement cannot be reached, the amount of the security deposit shall

bear the same ratio to thirty thousand dollars (\$30,000) as the length of the extension or additional route shall bear to the streets herein described.

7. Section 2, subdivision twenty-third shall be omitted.

8. Said contract shall also contain the following clause:

"If any dispute shall at any time arise between the parties hereto in regard to the amount or amounts due or to be credited to either the City or the Company under the terms of this contract, or if the City at any time questions the equity of the sum of ten thousand dollars (\$10,000) per vehicle as the amount upon which interest at the rate of six (6) per cent. per annum is to be charged as a part of operating cost, as herein provided for, then such amount or amounts shall be determined by arbitration at the instance of either party upon notice to the other party hereto, in the following manner:

"One disinterested person shall be chosen by the Company, one disinterested person shall be chosen by the Board, and the two so chosen shall choose a third disinterested person. The decision under oath of any two of such persons who shall be so selected, shall be final and conclusive.

"If either the Company or the City fails to appoint an arbitrator as herein provided within thirty (30) days from the date of such notice, or should the first two arbitrators fail to agree on the selection of the third arbitrator within thirty (30) days after the first two arbitrators shall be chosen, or if no two arbitrators so selected shall agree upon said amount or amounts within sixty (60) days after the arbitrators shall be so selected, then such amount or amounts may be fixed by a commission appointed by the Supreme Court on the application of either party."

9. Such additional provisions as may be required by reason of conditions peculiar to the operation of such extension or additional route and which may be agreed upon between the City and the Company.

Nothing contained in this subdivision shall apply to any extension or additional route for which a franchise is voluntarily applied for by the Company

Twenty-fourth—If, in the opinion of the Board, it shall at any time during the term of this contract be deemed necessary that the Company operate upon streets or avenues other than those in which the Company is herein authorized to operate, in substitution for any route or portion of a route herein authorized running in a general northerly and southerly direction, and not greater than one mile in length, or in substitution for any route herein authorized running in a general easterly and westerly direction, and the Board shall so order after a public hearing, notification of which shall be given to the Company at least ten (10) days prior to the date thereof, then the Company shall apply for a franchise or right to operate such substituted route or routes within thirty (30) days after the date of such order and accept a franchise therefor upon the same terms and conditions as those contained herein for a term expiring not later than the date of the expiration of this contract, and upon receiving such franchise the Company shall surrender the franchise rights over the route for which such substitution has been made.

Twenty-fifth—The Company shall submit to the Board a report not later than

November 1 of each year for the year ending September 30 next preceding, and at any other time, upon request of the Board, which shall state:

1. The amount of stock issued, for cash, for property.
2. The amount paid in as by last report.
3. The total amount of capital stock paid in.
4. The funded debt by last report.
5. The total amount of funded debt.
6. The floating debt as by last report.
7. The total amount of floating debt.
8. The total amount of funded and floating debt.
9. The average rate per annum of interest on funded debt.
10. Statement of dividends paid during the year.
11. The total amount expended for same.
12. The names of the directors elected at the last meeting of the corporation held for such purpose.
13. Location, value and amount paid for real estate owned by the Company as by last report.
14. Location, value and amount paid for real estate now owned by the Company.
15. Number of passengers carried during the year.
16. Number of bus miles operated during the year.
17. Total receipts of Company for each class of business.
18. Amounts paid by the Company for damage to persons or property on account of construction and operation.
19. Total expenses for operation, including salaries, and such other information in regard to the business of the Company as may be required by the Board.

Twenty-Sixth—The Company shall at all times keep accurate books of account of the gross receipts from all sources within the limits of the City, and shall, on or before November 1 of each year, make a verified report to the Comptroller of the City of the business done by the Company, for the year ending September 30 next preceding, in such form as he may prescribe. Such report shall contain a statement of such gross receipts, the total miles in operation within the limits of the City and the miles operated under this contract, and such other information as the Comptroller may require. The Comptroller shall have access to all books of the Company for the purpose of ascertaining the correctness of its report, and may examine its officers under oath.

Twenty-seventh—The Company shall keep accurate books of the performance of different types of vehicles and the different services rendered and the cost thereof, and shall at any time furnish the Board, or its authorized representatives, such information with respect thereto as shall be requested.

Twenty-eighth—In case of any violation or breach or failure to comply with any of the provisions herein contained or with any orders of the Board or its authorized representatives, acting under the powers herein reserved, the franchise or consent herein granted may be forfeited, at the option of the Board by resolution of said Board, without proceedings at law or in equity. Provided, however, that such action by the Board shall not be taken until the Board shall give notice to the Company

to appear before it on a certain day not less than ten (10) days after the date of such notice, to show cause why such resolution declaring the contract forfeited should not be adopted. In case the Company fails to appear, action may be taken by the *City* Company forthwith.

Any false entry in the books of the Company or false statement in the reports to the Comptroller as to a material fact, knowingly made by the Company, shall constitute such a violation or breach or failure to comply with the provisions herein contained as to warrant the forfeiture of the franchise.

Nothing herein contained shall affect in any way the right of the Company to apply to a court of competent jurisdiction for review of any action of the Board forfeiting the franchise or consent herein granted.

Twenty-ninth—If the Company shall fail to give efficient public service at the rates herein fixed, or fail to maintain its equipment as herein provided in good condition throughout the whole term of this contract, the Board may give notice to the Company specifying any default on the part of the Company, and requiring the Company to remedy the same within a reasonable time; and upon failure of the Company to remedy such default within a reasonable time, the Company shall for each day thereafter during which the default or defect remains, pay to the City the sum of two hundred and fifty dollars (\$250), as fixed or liquidated damages, or, at the option of the Board, this contract may be forfeited upon ten (10) days' notice to the Company, as hereinafter provided.

Thirtieth—The Company shall assume all liability for damages to persons or property occasioned by reason of the operation of the stage or omnibus routes authorized by this contract, and it is a condition of this contract that the City shall assume no liability whatsoever to either persons or property on account of the same, and the Company hereby agrees to repay the City any damage which the City shall be compelled to pay by reason of any acts or default of the Company.

Thirty-first—This grant is upon the express condition that the Company, within thirty (30) days after the signing of this contract by the Mayor, and before anything is done in exercise of the rights conferred hereby, shall deposit with the Comptroller of the City the sum of thirty thousand dollars (\$30,000), either in money or securities, to be approved by him, which fund shall be security for the performance by the Company of all of the terms and conditions of this contract and compliance with all orders of the Board acting under the powers herein reserved, especially those which relate to the payment of the annual charges for the privilege hereby granted, the rendering of efficient public service at the rates herein fixed, the opening of a passage sixteen feet in width in the event of a snowfall and the maintenance of vehicles in good condition throughout the whole term of this contract; and in case of default in the performance by the Company of such terms and conditions or compliance with such orders or either or any of them, the City shall have the right to cause the work to be done and the materials to be furnished for the performance thereof after due notice, and shall collect the reasonable costs thereof from the said fund without legal proceedings; or after default in the payment of the annual charges shall collect the same, with interest, from the said fund after ten (10) days' notice to the Company; or in case of failure to observe the said terms and conditions of this contract

and orders of the Board acting hereunder, relating to the headway, repair, maintenance or withdrawal from service of vehicles, the Company shall pay a sum of fifty dollars (\$50) per day for each day of violation, and the further sum of ten dollars (\$10) per day for each vehicle that shall not be properly heated, lighted or withdrawn in case of the violation of the provisions relating to those matters, as fixed or liquidated damages, all of which sums may be deducted from said fund.

The procedure for the imposition and collection of the sums as fixed or liquidated damages in this contract shall be as follows:

The Board, on complaint made, shall give notice to the Company, directing its President or other officer to appear before the Board on a certain day not less than ten (10) days after the date of such notice, to show cause why the Company should not pay such liquidated damages, in accordance with the foregoing provisions. If the Company fails to make an appearance, or after a hearing appears in the judgment of the Board to be in fault, said Board shall forthwith impose the prescribed damages, or where the amount of such damages is not prescribed herein, such amount as appears to the Board to be just, and without legal procedure direct the Comptroller to withdraw the amount of such damages from the security fund deposited with him. In case of any drafts made upon the security fund, the Company shall, upon ten (10) days' notice, pay to the City a sum sufficient to restore said security fund to the original amount of thirty thousand dollars (\$30,000), and in default thereof this contract shall be cancelled and annulled at the option of the Board, acting in behalf of the City. No action or proceeding or right under the provisions of this contract shall affect any other legal rights, remedies or causes of action belonging to the City.

These provisions for the recovery of such damages are in addition to the right to forfeit the franchise conferred by Section 2, Subdivision Twenty-eighth of this contract.

Thirty-second—The words "notice," "order" or "direction," wherever used in this contract, shall be deemed to mean a written notice, order or direction. Every such notice, order or direction to be served upon the Company shall be delivered at such office in the City as shall have been designated by the Company, or if no such office shall have been designated, or if such designation shall have for any reason become inoperative, shall be mailed in the City, postage prepaid, addressed to the Company at the City. Delivery or mailing of such notice, order or direction as and when above provided shall be equivalent to direct personal notice, order or direction, and shall be deemed to have been given at the time of delivery or mailing.

Thirty-third—The words "streets or avenues" and "streets and avenues," wherever used in this contract, shall be deemed to mean "streets, avenues, highways, parkways, driveways, concourses, boulevards, bridges, viaducts, tunnels, public places or any other property to which the City has title" encountered in the routes hereinabove described and upon or in which authority is hereby given to the Company to operate stages or omnibuses.

Thirty-fourth—If at any time the powers of the Board or any other of the authorities herein mentioned or intended to be mentioned shall be transferred by

law to any other board, authority, officer or officers, then and in such case such other board, authority, officer or officers shall have all the powers, rights and duties herein reserved to or prescribed for the Board or other authorities, officer or officers.

Section 3. Nothing in this contract shall be construed as in any way limiting the present or future jurisdiction of the Public Service Commission under the Laws of the State of New York.

Section 4. The Company promises, covenants and agrees on its part and behalf to conform to and abide by and perform all the terms, conditions and requirements in this contract fixed and contained.

In witness whereof, the party of the first part, by its Mayor, thereunto duly authorized by the Board of Estimate and Apportionment of said City, has caused the corporate name of said City to be hereunto signed and the corporate seal of said City to be hereunto affixed; and the party of the second part, by its officers, thereunto duly authorized, has caused its corporate name to be hereunto signed and its corporate seal to be hereunto affixed, the day and year first above written.

THE CITY OF NEW YORK, By, Mayor.

(Corporate Seal.)

Attest:, City Clerk.

....., (Here insert name of Company.) by.....

President.

(Seal.)

Attest:, Secretary.

(Here add acknowledgments.)

APPENDIX A.

*Form of Letter Sent to the Applicant Motor Bus Companies by the Franchise Committee.*BOARD OF ESTIMATE AND APPORTIONMENT,
COMMITTEE ON FRANCHISES,

New York, May 4, 1915.

Dear Sir—There are before the Board of Estimate and Apportionment applications from four different companies for the right to maintain and operate stage or omnibus lines for the transportation of passengers in the Borough of Manhattan. These applications have been referred to the Franchise Committee. The routes applied for by the several companies extend into almost every portion of the Borough of Manhattan. Many of the routes of the different applicants are identical, and some are coincident with the routes of street surface railways. The Committee has felt that it may be desirable that the City should permit the operation of further stage or omnibus routes provided an agreement can be reached with the operating company upon terms satisfactory to the City.

The questions which the Committee has had before it, therefore, are: Upon what routes should the right to operate such vehicles be granted and upon what terms and conditions should the grant be made?

With respect to routes, the Committee does not feel that all those applied for should be operated, at least in the beginning, but that rather the field for the motor bus at the present time is to supply facilities for transportation which are not now furnished by the street railway companies, or, if a duplication of service is permitted, it should be along routes which will present as little direct competition as possible with street surface railways. With this in mind, the Bureau of Franchises was instructed to lay out a comprehensive system of routes which would serve as a basis for operation, either by the Fifth Avenue Coach Company as extensions to its existing system or by an independent company as a complete system in itself. The Bureau was also instructed to draft a form of franchise for the routes proposed. Such a comprehensive system was so laid out and form of franchise contract prepared by the Bureau of Franchises. The Committee subsequent to receiving this data held duly advertised public hearings on December 18, 29 and 31, 1914, at which a great many citizens appeared, as well as representatives of the applicant companies and of the several railway companies operating within the Borough of Manhattan. In addition, many communications have been received from residents or property owners either in favor of or against the routes as proposed. Memoranda have been prepared by three of the four applicant companies and one by a railway company.

Subsequent to the hearings in December, the Franchise Committee carefully considered the proposed routes and the form of contract. In view of the suggestions and criticisms presented at the hearings, many changes were made in both the routes and the contract.

A further hearing was given on April 27, 1915, upon the amended form of contract and the amended routes. At that hearing there seemed to be a desire on the part of many that the Broadway route should extend southerly from the Longacre

Square district to Herald Square, in order to accommodate passengers desiring to reach the hotels and retail stores in the Herald Square district. This portion of the route on Broadway was eliminated by the Committee after the hearings in December, objection having been presented at that time to the use of Broadway south of Longacre Square on account of the existing traffic congestion. The Committee, however, still has an open mind with respect to the advisability of the use of Broadway between Longacre Square and Herald Square. Should such a route extend southerly on Broadway to Herald Square, it probably should continue westerly along 34th Street, connecting with the Seventh Avenue route.

The revised form of contract is submitted herewith, together with a map showing the routes as modified by the Committee.

To aid in the selection of the company to which the grant may be made, it has been deemed advisable to request each of the applicant companies to present its proposition for the operation of routes so modified by the Committee. You are, therefore, requested to submit to the Committee your proposition, based upon the draft form of franchise contract and the routes as shown upon the map transmitted herewith. It is the intention of the Committee that the company to which the franchise may be granted shall operate substantially all of such routes. You may, however, in accordance with the announcement of the Chairman of the Franchise Committee at the close of the hearing on April 27, suggest clauses which you desire substituted for those contained in the form of contract transmitted herewith, and make such minor changes in the system of routes as you deem necessary, giving in each case your reasons for the substitution of clauses and for the minor changes of route. If new clauses are substituted and changes in routes are made by you, then your proposition should be for the operation of the routes so changed and under the provision of the contract containing clauses so substituted.

The draft form of contract for the franchise leaves blank the different items and clauses to be supplied by each of the applicants. They are as follows:

First—

(a) Maximum initial amount which you are willing to pay for the franchise.
franchise.

(b) Maximum percentage of gross receipts which you are willing to pay, with guaranteed minimum annual payments—

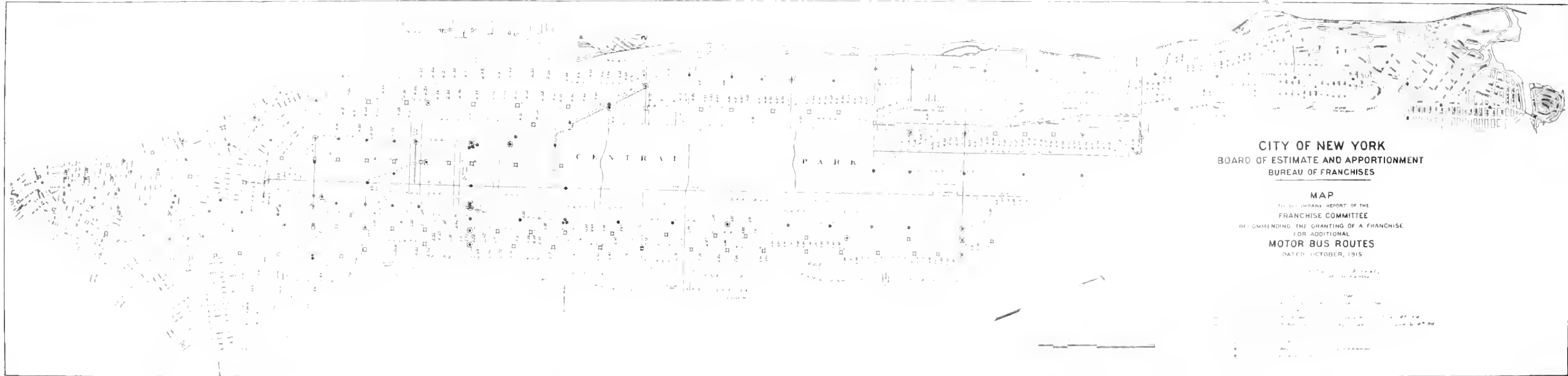
1. During the first term of five years.
2. During the succeeding term of five years.
3. During the remaining term of five years.

Second—The minimum period or periods within which you are willing to begin operation.

Third—The minimum weight and dimensions of vehicle to be operated under the franchise. The maximum weight and dimensions which will be entertained by the Committee are indicated in the contract.

Fourth—The maximum rate or rates of fare which you propose to charge.

Fifth—The minimum headway which you are willing to agree to operate during different periods of the day and night.



CITY OF NEW YORK
BOARD OF ESTIMATE AND APPORTIONMENT
BUREAU OF FRANCHISES

MAP
TO ACCOMPANY REPORT OF THE
FRANCHISE COMMITTEE
RECOMMENDING THE GRANTING OF A FRANCHISE
FOR ADDITIONAL
MOTOR BUS ROUTES
DATED OCTOBER, 1915



Sixth—The minimum number and length of extensions which you are willing to construct at the order of the Board at any time during the term of the contract.

You are asked to submit your proposition with the understanding that the Committee shall have the right to reject any proposition you may make. The Committee, however, will only recommend to the Board the grant of a franchise to the company which, in its opinion, offers the best proposition as to adequate service, rate of fare and compensation to the City, and is able to demonstrate that a grant to it will best serve the interests of the City and the traveling public.

Your proposition should be submitted to his Honor, the Mayor, Chairman of the Franchise Committee, on or before 12 o'clock noon, June 1, 1915, on which date the propositions of all the companies will be opened. The envelopes should be marked "Proposition of the Company for motor bus operation."

By order of Franchise Committee.

JOHN PURROY MITCHEL, Mayor; GEORGE McANENY, President, Board of Aldermen; DOUGLAS MATHEWSON, President, Borough of The Bronx.

JAMES D. McGANN, Secretary.



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